

Village of Hanover Park

Municipal Building
2121 West Lake Street
Hanover Park, Illinois
60133-4398

Rodney S. Craig
Village President

Eira L. Corral
Village Clerk

630-823-5600
Fax 630-823-5786

Craig Haigh
Interim Village
Manager



VILLAGE OF HANOVER PARK
VILLAGE BOARD
REGULAR WORKSHOP MEETING
Municipal Building: 2121 W. Lake Street
Hanover Park, IL 60133

Thursday, August 16, 2012
6:00 p.m.

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. AGENDA ITEM REVIEW**
- 4. BOARD MEMBER DISCUSSION TOPICS**
 - a. MWRD Lease
- 5. STAFF UPDATES**
 - a. St. Ansgar Parade
 - b. Building Use – Historical Society
 - c. Monthly Update on Work from Jennifer Tammen
- 6. ADJOURNMENT**



TO: Village President and Board of Trustees

FROM: Craig Haigh, Interim Village Manager
David Webb, Chief of Police

SUBJECT: St. Ansgar Parade

ACTION

REQUESTED: Approval Concurrence Discussion Information

RECOMMENDED FOR CONSENT AGENDA: Yes No

MEETING DATE: August 16, 2012 - Board Workshop

Executive Summary

The Hanover Park Police Department has received a request from Victor Galvin of St. Ansgar Church to hold a parade on September 15, 2012 at 2:00 p.m. Staff requests approval from the Village Board to authorize the costs associated with the parade.

Discussion

St. Ansgar Church has requested to hold a parade on September 15, 2012 and the Police Department has been working with the event's coordinator, Victor Galvin, who advised that they are expecting 100-200 people to participate in the parade, with fifteen vehicles and an estimate of 400-500 spectators. The parade route is approximately 1.6 miles long (see the attached map) and staging for the parade will be in the parking lot of St. Ansgar Church and Parkwood School.

Parade Participants:

1. Knights of Columbus
2. Folk Ballet
3. Cars (hopefully convertibles)
 - a. 8 Cars carrying the "Miss Alegoricos" contestants
 - b. 10 carrying some families
 - c. 10 carrying members of local businesses – advertising
4. Horses – 10 – 15. They have indicated that they have arrangements to follow the horses and clean up after them and they have arranged for insurance.
5. School Marching Band

After the "parade" they are returning to the church parking lot where they will have various tents and music until approximately 2130-2200 hrs. Church officials are requesting police

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attend the post parade festivities. The church anticipates the parade taking approximately an hour.

Following are the projected costs associated with the parade for the respective Village departments: Police Department, \$1,925.25; Public Works Department, \$250.47; and Fire Department, \$0 as they will be utilizing on-duty staff.

The Police Department's cost estimate is considerably higher based on two facts:

- 1) Overtime – A significant portion of the police manpower will be on overtime. Some on-duty personnel will be utilized; however, overtime staff will be needed to secure the safety of the parade route.
- 2) Two other Village events are already scheduled for this day affecting manpower. They are the Maxwell Street event and the Environmental Recycling Day.

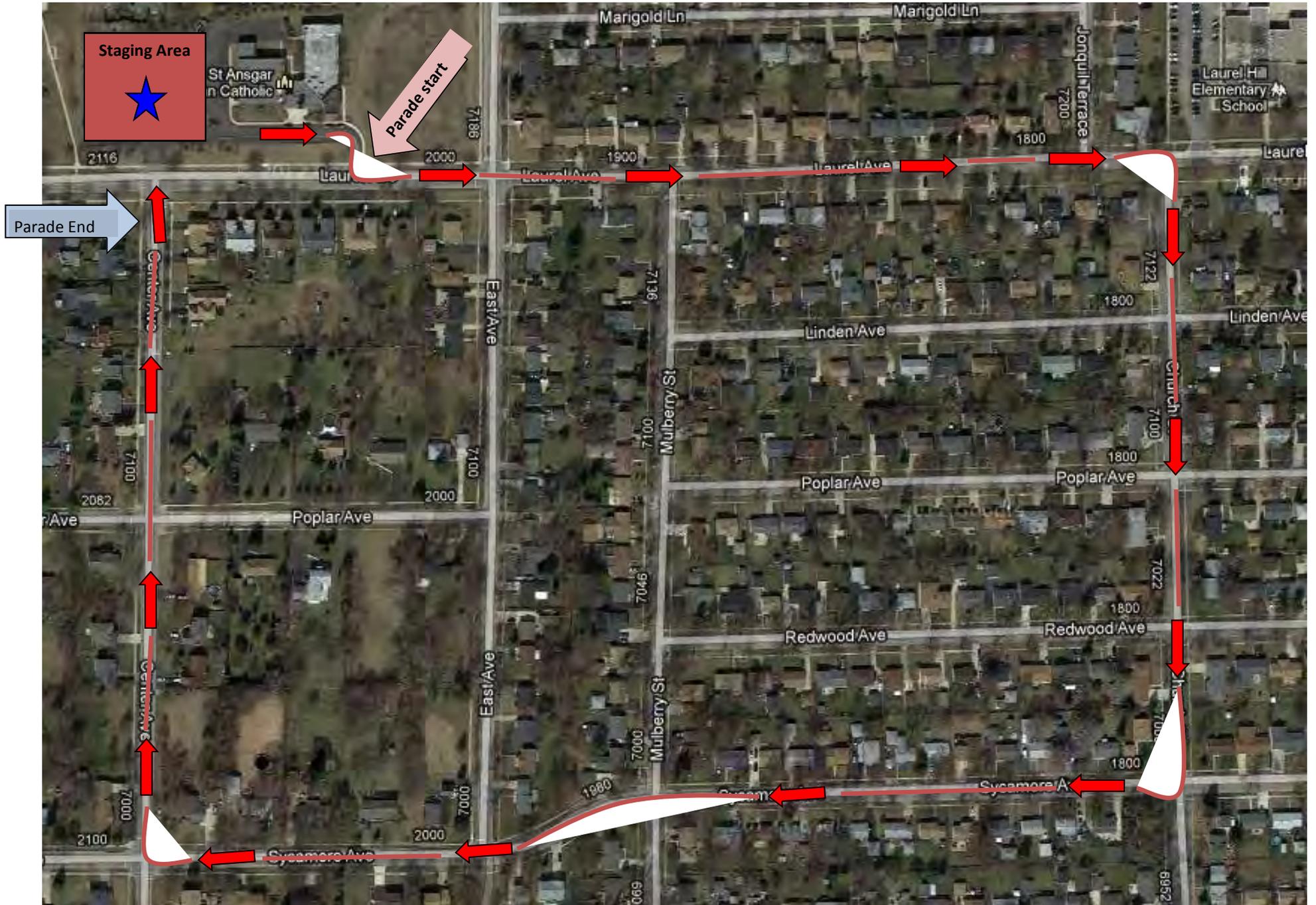
A combination of Code Enforcement Officers, Community Service Officers, Police Officers and citizen volunteers will be utilized to help keep costs to a minimum. Cost estimates would be determined by the number of volunteers the Police Department is able to secure for the day of the parade. The cost estimate provided above is our anticipated paid manpower based on projected amount of volunteers. (The St. Ansgar parade overtime is an unbudgeted expenditure.)

Recommended Action

Staff requests direction on proceeding with staffing the St. Ansgar parade on September 15, 2012 and authorizing the associated cost expenditures.

DW:kp

Attachment: Map of St. Ansgar's Parade Route



Date: August 8, 2012

To: The Honorable Rodney S. Craig, Mayor, Village of Hanover Park
Members of the Village Board of Trustees
Mr. Craig Haigh, Interim Village Manager
Ms. Katie Bowman, Village Planner

From: THE TAMMEN GROUP

Subject: Summary of Consultant's Activities

Per the Board's request at its July 19, 2012 regular meeting, we have prepared this memorandum to update the Board with respect to THE TAMMEN GROUP's work with the Village. A review of THE TAMMEN GROUP's work was also prepared by staff and presented to the Board at their July 5 and July 19, 2012 meetings.

Background & Summary

Village staff indicated that due to staffing changes in the Community Development Department, THE TAMMEN GROUP's services were needed to provide expertise that could address the needs of the department and the Village. On April 5, 2012, the Village of Hanover Park ("Village") approved an Agreement for Services for Tax Increment Financing and Development Consulting Services with THE TAMMEN GROUP in an amount not-to-exceed \$30,000. Approximately \$24,000 of the \$30,000 has been invoiced through July 31, 2012. This represents approximately 150 hours of billable time, which is the full-time equivalent of approximately 3.75 weeks.

During this time, we have provided the following services:

- Economic Development- Developer Outreach: Set up and facilitated 13 meetings/teleconferences with real estate and development professionals regarding potential redevelopment of various sites including Village Center, the Benson property, the northwest corner of Lake and Gary, and the former Menard's site. This includes 6 meetings that were held at the ICSC Conference in May 2012. These introductions have resulted in follow up meetings and interest from multiple companies that are currently evaluating sites within the Village for potential redevelopment projects. The goal is to continue dialogue with these companies and individuals, as well as expand connections and relationships, with the goal of identifying the right project(s) and implementing future real estate development on key sites within the Village. Encouraging private investment in the Village and finding the right development partners will allow the Village to implement meaningful redevelopment projects through private sector investment and better leveraging of Village investments and resources.
- TIF Redevelopment Agreement Discussions: Assistance in approximately 10 meetings/teleconferences with retailers and developers interested in obtaining Village TIF assistance (separate from meetings outlined above), including:
 - Facilitation of discussions with Dino's Finer Foods, prepared an outline of development project, business and financial information required for evaluation of a future request for assistance, explanation of TIF eligible costs, process and analysis of projected revenue from potential store expansion
 - Facilitation of TIF assistance discussions with potential new liquor store at the Church Street Station retail buildings (for acquisition of building and new liquor store)
 - Participation in TIF assistance discussions in response to a proposal from a developer for the property located at the northwest corner of Lake Street and Barrington Road
- Development Incentive Package Draft: Preparation of a comprehensive incentive package that outlines available development incentives in response to a developer "shopping" for sites throughout the region for a particular user.

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- TIF Application Draft: Preparation of TIF application information needs, outlining the type of information required for submittal to assist applicants. The information submitted is intended for Staff evaluation and recommendation to present the Village Board with the information needed to evaluate and determine the appropriate amount and structure of assistance.
- Hanover Square Public Revenue Projections and Strategic Recommendations: Per Staff's request, performed analysis including projections of public revenues including incremental property taxes and sales taxes based upon the current disposition of the site and current redevelopment assumptions. Also included recommendations to minimize the Village's financial risk and more effectively leverage its current investment by soliciting developers to purchase and redevelop the shopping center via a Request for Qualifications (RFQ) or Request for Proposals (RFP) process. This was discussed during the Village Board's workshop on July 19, 2012. At that time, the Board requested the report be revised to include additional redevelopment scenarios based upon the expansion plans of Dino's Finer Foods and outlot redevelopment, which were prepared for the Finance Committee meeting of July 24 and are attached for the Board's review.

We enjoy working with Village Staff and appreciate the opportunity to serve the Village of Hanover Park. We are available to discuss this summary with you at a future Village Board Meeting. In the meantime, if you have any questions, please feel free to contact Jennifer Tammen at 773.505.7248 or Jennifer@thetammengroup.com.

Date: July 23, 2012 (Revised)

To: The Honorable Rodney S. Craig, Mayor, Village of Hanover Park
Members of the Village Board of Trustees
Chief Craig A. Haigh, Interim Village Manager
Ms. Katie Bowman, Village Planner

Cc: Bernard Z. Paul, Village Attorney
Rebekah Flakus, Finance Director
Kay Nees, Assistant Finance Director
Kurt P. Froehlich, Attorney, Evans, Froehlich, Beth & Chamley

From: Jennifer M. Tammen, Principal, THE TAMMEN GROUP

Subject: Hanover Square Shopping Center- Public Revenue Projections and Redevelopment Considerations

In March 2012, the Village of Hanover Park (“Village”) retained THE TAMMEN GROUP to provide TIF consulting and development advisory services for various projects throughout the Village. As part of this scope, the Village wishes to understand the potential public revenue that could be generated from the redevelopment and lease up of the Hanover Square Shopping Center located at 6602-6784 Barrington Road in Hanover Park, IL (“HSSC”). This memorandum provides a summary of the estimated incremental property taxes and sales tax revenues that may result from these activities and that could in turn be utilized to fund TIF-eligible costs associated with the redevelopment. A discussion of strategic considerations for implementing future redevelopment activities is also included.

BACKGROUND & UNDERSTANDING

HSSC is a multi-tenant shopping plaza comprised of two non-contiguous buildings situated on approximately 8.7 acres at 6602-6784 Barrington Road, on the west side of Barrington Road, between Maple and Walnut Streets in Hanover Park. HSSC is located within the Village Center Tax Increment Financing District, which is referred to as TIF #3. According to Village’s appraisal report of the property prepared by V.A. Solano & Associates, Inc., dated 11.23.11, the main building is approximately 46 years old and contains 105,013 square feet and the smaller strip building is approximately 26 years old and contains 8,726 square feet for a combined square footage of 113,739. The center is anchored by Dino’s Finer Foods. HSSC is approximately 50% vacant. The Village does not currently own the two outlots located at north and south ends of the property (“Outlots”).

The property has experienced deferred maintenance and a high vacancy rate. In December 2011, the Village purchased the shopping center exclusive of the two outlot properties for \$2.8MM utilizing funds for acquisition from TIF #3 with the intention of attracting new tenants and rehabilitating the center. To this end, the Village has retained the services of Schermerhorn Commercial Real Estate (“Property Manager”) to perform general property maintenance tasks as well as make recommendations for and direct and manage building and system repairs as needed. The Village has also engaged Iron Real Estate (“Leasing Agent”) to lease up the vacant spaces. The Village’s goal as discussed thus far is to renovate the center with an improved facade and tenant build outs in order to revitalize the property and restore it as an attractive and profitable center.

At the end of 2011, The Village obtained preliminary plans and estimates from Architectural Studio, Ltd. for a façade renovation and other required improvements, however, a specific scope, schedule and budget for the building improvements were not finalized by the Village at that time.

On June 18, 2012, the Property Manager prepared a memorandum that included a preliminary scope of work and cost estimate of \$3.5MM to \$5.5MM for physical improvements to the center including façade enhancement, parking lot repairs, new signage, new HVAC system, and white box work. The estimate also includes tenant improvement allowances and leasing commissions. The Property Manager suggests the Village secure a line of credit to fund the renovations. In addition to their current scope of services, the Property Manager, at the Village's direction, may draft an RFP for Construction Management Services for the renovation of the center. As we understand it, a specific scope, schedule and budget for the building renovation as well as direct incentives for tenants has not been finalized and approved by the Village Board.

It is our assumption that the Village will market and sell the center once it is fully stabilized and generating adequate net operating income however this needs to be confirmed by the Village. At its July 19, 2012 Workshop Meeting, the Village Board referred the HSSC project to the Finance Committee to explore options for redevelopment of the center including exploring the scope, schedule and potential funding alternatives.

REDEVELOPMENT ASSUMPTIONS

Per our discussions with staff and the Property Manager, marketing and leasing activities are underway. Stabilization of HSSC is dependent on both a strong leasing program as well as physical improvements to the center as outlined in the Property Manager's June 18, 2012 memorandum. The rate of the lease up and stabilization of the center is also dependent to a significant extent on whether Dino's Finer Foods implements a relocation and expansion to take up the center space in the HSSC or stays in its existing store.

We evaluated potential incremental property tax revenues based upon the four (4) redevelopment scenarios outlined below:

Scenario 1A: Dino's Stays As-Is. Per the Property Manager, stabilization of HSSC under this scenario will take approximately 36 to 42 months in order to secure a larger anchor tenant and lease up the space. To be conservative, we have assumed a 42 month stabilization period beginning April 2012 resulting in the stabilization of the center to occur by January 2016.

Scenario 1B: Dino's Stays As-Is and Outlots are Redeveloped by end of 2015. We assume the outlots to take longer to redevelop given the longer stabilization period.

Scenario 2A: Dino's Relocates to Center of HSSC. Within the last several months, Mr. Mazzei had indicated there was the potential to relocate his store to the center of HSSC and expand the store size from 19,000 square feet to 39,000 square feet. This will create a strong anchor for the center with about 30% of the leasable area occupied by the grocery store. The scope of work includes an expansion Dino's Taqueria as well as bakery, liquor, self-serve, service meat and frozen departments in order to better serve customers and improve Dino's competitive position in the marketplace.

Per the Property Manager, stabilization of HSSC under this scenario will take approximately 24 months after the lease is executed and construction of the proposed new store begins. Per the project schedule provided by Mr. Mazzei on April 26, 2012, the project is expected to take a total of 8 months, including 2-3 months for design and permitting. We assumed lease execution by September 1, 2012 and construction to begin in January 2013 and be completed by the end of June 2013. The center would be stabilized by January 2015, assuming the 24 month stabilization period following the start of construction on the expansion. This schedule is subject to the owner's ability to secure project financing, lease negotiations, and finalizing the Village's project scope and implementation plan for improvements to the center.

Scenario 2B: Dino's Relocates to Center of HSSC and Outlots are Redeveloped by end of 2014. We assume the outlots could be redeveloped sooner if Dino's expansion activities are underway, resulting in a shorter stabilization period.

REVENUE PROJECTIONS

Village revenue from this project is derived from two (2) primary sources: Incremental property taxes and sales taxes. The assumptions associated with the property taxes and the retail sales are conservative for purposes of this analysis.

Incremental Property Taxes. TIF #3 was established in 2001 with a 1999 Base EAV of the HSSC Center of \$2,908,000. The site has generated approximately \$3,643,000 in Equalized Assessed Value (2011 EAV based on Board Certified Assessed Value) and approximately \$352,000 in annual property taxes, or about \$3.10 per square foot of building, per Cook County Assessor and Treasurer data. This is a reduction from the 2010 EAV and property taxes, which were approximately \$4,705,000 and \$418,000, respectively. It is the Village's understanding that the Cook County Assessor intends to submit a Certificate of Error to lower the assessed value of the property based upon the purchase price of the HSSC, which would lower the property taxes to approximately \$205,000 for tax year 2011 payable in 2012. It is possible that the current 2011 Assessor data has reflected a portion of this reduction since the property taxes have gone down. In addition, it is our understanding that the Village may elect to file for exempt status while the property is being redeveloped.

For purposes of this analysis, we assume the Village will pay 2011 taxes (payable in 2012) based upon the current assessed value and then be reduced to \$205,000 in 2012 (taxes payable in 2013) until the property is fully stabilized and reassessed. It is important to note that while this level of reduction or an exempt status filing will reduce the Village's expenses, it will reduce and likely eliminate incremental property taxes generated from the HSSC properties into the TIF#3 allocation fund during the stabilization period since the EAV of the HSSC PINs will drop below the Base EAV of the HSSC site. This is of particular importance should the Village plan to use the incremental taxes from the HSSC PINs to service potential debt service.

Comparable Properties. In order to estimate future property taxes after stabilization of the HSSC, we looked for similar properties to determine the EAV and property taxes of those properties on a per square foot of building basis. We calculated a weighted average by taking the total property taxes from all of the comparable properties and divide by the total gross leasable square footage of the comparable centers to arrive at a per square foot of building estimate of property taxes that could be used to project future taxes from the HSSC site.

We reviewed the Competitive Market Study prepared by the Leasing Agent to determine which properties could be evaluated for comparable property taxes. A total of nine properties were included in the study. We excluded three properties that were located in DuPage County. For the remaining six properties, we calculated the per square foot property taxes by utilizing assessment data from the Cook County Assessor's Office and the Cook County Clerk's Office and the gross leasable area data from the Competitive Market Study. We eliminated the properties at the high and low end of the range. Finally, we excluded those properties located in the Village of Schaumburg and Schaumburg Township in order to base the weighted average on the most comparable properties. The weighted average of the remaining three properties was calculated at \$4.37 per square foot of building.

The Property Manager estimates property taxes will increase to \$4.50 to \$5.50 per square foot of building after renovation, lease up, and stabilization which is slightly higher than the weighted average of the comparable properties. To be conservative, we calculated future incremental property taxes at \$4.30 per square foot of building.

Please see **Exhibit 1** for detailed information and assumptions.

Incremental Projections. The incremental property tax projections are summarized below per the redevelopment scenarios outlined in the previous section.

Incremental Property Tax Projections Summary

Redevelopment Scenarios	Projected Incremental Property Taxes	Net Present Value @ 5%	Debt Coverage Ratio (DCR) @ 1.25	Net Proceeds @ 85% (Potential Supportable Bond)
Scenario 1A: Dino's Stays As-Is/ No Outlots	\$1,968,791	\$1,497,048	\$1,197,638	\$1,017,992
Scenario 1B: Dino's Stays/ With Outlots	\$2,404,365	\$1,840,714	\$1,472,571	\$1,251,685
Scenario 2A: Dino's Expands/No Outlots	\$2,170,550	\$1,617,702	\$1,294,162	\$1,100,037
Scenario 2B: Dino's Expands/With Outlots	\$2,701,153	\$2,027,052	\$1,621,641	\$1,378,395

We calculated the net present value using a 5% discount rate (estimate of municipality's cost to borrow money) to estimate the value of the future incremental revenues in today's dollars. We then applied a debt coverage ratio of 1.25 (a typical ratio) to determine the estimated amount of the bond that could be issued in order have 1.25 times the cash specifically available to pay interest and principal payments on the municipality's bond issue(s). Finally, we assume net proceeds at 85% to cover capitalized interest and administrative costs associated with the securing and managing the bond.

After applying these standard assumptions, the incremental property taxes may support a bond amount of approximately \$1MM to \$1.25MM assuming Dino's stays in place. When we assume Dino's relocates and expands within the HSSC, a bond amount of \$1.1MM to \$1.4MM could potentially be supported. The higher

end of the respective ranges assumes that the outlots are redeveloped. These estimates are preliminary in nature and subject to additional analysis and refinement as project assumptions are further defined.

Please see **Scenarios 1A, 1B, 2A and 2B attached** for detailed projections and assumptions.

Sales Taxes. The Property Manager has targeted a mix of approximately 60% retail/sales tax generators and 40% service/non-sales tax generators. We estimated total sales based upon these assumptions as well as from Dino's Finer Foods and existing Family Dollar store. We then applied the Village's sales tax rate (1.5%) to the total taxable revenue to come up with the Village's share of sales tax over a 20-year period. We have outlined additional assumptions below followed by a summary of the sales tax projections by development scenario. For purposes of this analysis and to be conservative, we did not include the outlots as potential sales tax generators given the relatively small square footage they could potentially support, they are not being actively marketed, and they are not likely to attract significant sales tax generating uses.

Dino's Stays As-Is: The average annual sales are approximately \$3.8MM/year per Illinois Department of Revenue ST-1 Sales and Use Tax Returns for years 2008-2011 provided by Mr. Mazzei. Assuming Dino's stays in its existing store, we assume annual sales increases at 1.5%.

Dino's Relocates and Expands: Mr. Mazzei estimates sales following the relocation and expansion to a 39,000 square foot store will total approximately \$7.8MM, a 105% increase, per year with annual sales increases of 5%. According to Mallon & Associates, Inc., a real estate and development company with expertise in grocery store development and operations, annual sales for this type of grocery store are approximately \$125,000 per week, or \$6.5MM per year with annual sales increases of 2%. Based upon this information, Mr. Mazzei's increased sales projections seem aggressive. To be conservative, we utilized Mallon & Associates' assumptions.

Family Dollar: Family Dollar's sales per square foot are around \$160.00 per www.rueters.com article dated 2.15.11. To be conservative, we assume a 1.5% increase in sales each year thereafter, assuming Family Dollar continues to lease approximately 10,000 square feet at HSSC.

Other Retail: Due to the unknown nature of the future users of this space, we estimate sales for the remaining square footage of targeted retail space at \$125.00 per square foot with a 1.5% increase in sales each year thereafter.

Sales Tax Projections Summary

<u>Redevelopment Scenarios</u>	Projected Sales Taxes- 20 Years Stabilized							
	Dino's Finer Foods		Family Dollar		Other Retail		Total Sales	
	Total	Village Share @ 1.5%	Total	Village Share @ 1.5%	Total	Village Share @ 1.5%	Total	Total Village Share @ 1.5%
Scenario 1: Dino's Stays As-Is (Stabilization Jan. 2016)	\$93,157,352	\$1,397,360	\$39,268,188	\$589,023	\$111,918,549	\$1,678,778	\$244,344,088	\$3,665,161
Scenario 2: Dino's Expands (Stabilization January 2015)	\$157,932,904	\$2,368,994	\$38,687,870	\$580,318	\$54,353,360	\$815,300	\$250,974,134	\$3,764,612

*Please note that sales taxes go into the Village's general fund and are not related to the TIF #3 fund.

Please see **Exhibits 2 and 3** for detailed projections and assumptions.

STRATEGIC CONSIDERATIONS

We applaud the Village's initiative and commitment to revitalize the HSSC. We believe there are a number of considerations to evaluate in order to increase the likelihood of a successful redevelopment of the center and to manage additional investment of public revenues generated by the HSSC. Considerations include the following:

- 1. Confirm Redevelopment Goals & Vision** for the redevelopment of the HSSC before entering into additional agreements and investing more money into the center.
- 2. Evaluate Existing TIF #3 Obligations.** We strongly recommend the Village coordinate any commitments to additional expenditures beyond property management and maintenance for the shopping center with the Community Development and Finance staff who has evaluated TIF #3 with respect to existing obligations.
- 3. Solicit Developers for Redevelopment of the HSSC.** The Village may wish to leverage its current investment and reduce future risk by recruiting a developer or development team to partner with the Village on the redevelopment of the site. This is a common strategy with municipalities that have purchased property or are otherwise targeting areas for redevelopment. The rationale behind this approach is that the private sector brings development expertise, overall project/vision management and other resources including but not limited to access to capital, relationships with tenants/users, and marketing to the project while the Village ensures that the developer's vision is in line with the community's goals. In this case, the Village is heavily invested from both financial and community

perspectives, making it even more critical to redevelop the site in a manner that maximizes the return on the investment.

Typically, the Village would solicit private sector interest by marketing the site via a Request for Qualifications (RFQ) or Request for Proposals (RFP) to the development community. Depending on the level and quality of responses, the Village may choose to work with a particular developer or team to establish a plan to redevelop the site. The specific terms of the business transaction including any zoning entitlements, financial incentives and the ultimate disposition of the property are outlined in a detailed term sheet which becomes the basis for a Redevelopment Agreement. Depending on the specific structure of an agreement, the developer receives their share of the project benefits only when certain milestones are achieved, thereby ensuring that both parties have a vested interest in realizing the success of the redevelopment in the most expeditious and prudent manner possible.

In short, municipalities are not developers; however they are a vital development partner. In an ideal public-private development partnership, the municipality selects a strong development team that will work closely with the Village and community to establish terms for the project and its implementation, and then give the development team latitude to work with the private sector to make the best deals while providing a check and balance that the proposed development and users are in line with the Village's vision. This allows for the development process to be less political and more market-driven, which will increase the likelihood for a successful project in the long term.

- 4. Focus TIF Incentives to Center-Wide Improvements.** The Village should look to balance its approach to using TIF funds by investing in the capital improvements and façade of the center in addition to redevelopment agreements for individual tenants. While the incentives may attract users to the center, if the exterior appearance of the center continues to stagnate or decline, the businesses that were initially attracted by the incentives may find it difficult to attract and retain new customers. The improvement of the center is a TIF incentive that acts as a benefit to both existing and new tenants and should be presented and marketed as such.

Using the same rationale, the Village may wish to maximize its leverage of TIF incentives by targeting developers in addition to tenants by offering performance-based incentives. While tenant recruitment is an important piece of the redevelopment puzzle, incentives targeted to a developer can potentially offer a greater return on investment due to gaining the benefit of the developer's expertise in addition to their investment. Also, as stated in point 3 above, the likelihood of a successful partnership with a developer increases when performance is a condition of the incentive. The same could be applied to tenants where the Village could make their incentive contingent upon achieving certain milestones such as length of stay, sales tax generation, matching investment for build out, etc.

- 5. Evaluate Various TIF District Scenarios.** Once the scope, schedule and budget of the redevelopment project are defined, the Village should consider a number of options with respect to the most cost effective way to fund and implement the project. This may include an evaluation of the potential restructuring of the existing TIF #3. The TIF strategy will depend in part on whether the Village redevelops the project on its own or with a partner.
- 6. Modify TIF #3 Plan to Capture Year 23 Property Tax Increment.** Per discussions with the Village's TIF Attorney, the TIF #3 Redevelopment Project and Plan should be reviewed and potentially modified to

ensure the Village will in fact capture Year 23 increment in Year 24, as reflected in the ordinance adopting the TIF in May 2001. This is a relatively simple administrative procedure that should be explored. All projections in this report assume the Village will capture the Year 23 increment.

We look forward to discussing these findings and considerations with you at a future Village Board Meeting. In the meantime, if you have any questions, please feel free to contact Jennifer Tammen at 773.505.7248 or Jennifer@thetammengroup.com.

DRAFT

**EXHIBIT 1:
COMPARABLE PROPERTIES- PROPERTY TAX COMPARISON
CONFIDENTIAL/WORKING DRAFT**

Village of Hanover Park
Redevelopment of Hanover Square Shopping Center
PROPERTY TAX COMPS

Revised 7.23.12

Assumptions

2011 Equalization Factor	2.9706
2011 Tax Rate- 18115	9.669%
2011 Tax Rate- 18055	8.784%
2011 Tax Rate- 18023	9.331%
2011 Tax Rate- 35011	8.481%
2011 Tax Rate- 35074	8.924%

HANOVER SQUARE SHOPPING CENTER PIN	Tax Code 18115 Property Address	2011 AV Board Certified Assessment [1]			2011 EAV Assessor & Board Certified Assessment [2]			Taxes			Property Data [1]		Age of Center	Township
		Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA [3]	Land Area	42 yrs./26 yrs.	Hanover
06-36-406-004	6700 Barrington Rd.	\$ 144,017	\$ 184,351	\$ 328,368	\$ 427,817	\$ 547,633	\$ 975,450	\$ 94,316				104,740		
06-36-406-005	6600 Barrington Rd.	\$ 400,666	\$ 497,423	\$ 898,089	\$ 1,190,218	\$ 1,477,645	\$ 2,667,863	\$ 257,956				291,394		
Total Village Owned Parcels		\$ 544,683	\$ 681,774	\$ 1,226,457	\$ 1,618,035	\$ 2,025,278	EX \$ 352,272	\$ 3.10	\$ 0.89		113,700	396,134		
06-36-406-002	6794 Barrington Rd.	\$ 29,920	\$ 123,345	\$ 153,265	\$ 88,880	\$ 366,409	\$ 455,289	\$ 44,022	\$ 9.85	\$ 3.13	4,470	14,080		
06-36-406-006	6600 Barrington Rd.	\$ 28,125	\$ -	\$ 28,125	\$ 83,548	\$ -	\$ 83,548	\$ 8,078	\$ 19.47	\$ 0.36	415	22,500		
Total Related Outlots		\$ 58,045	\$ 123,345	\$ 181,390	\$ 172,428	\$ 366,409	\$ 538,837	\$ 52,100	\$ 11.66	\$ 1.42	4,470	36,580		

County Treasurer Data			
2011 Taxes Payable in 2012	1st Installment	2nd Installment	Total
06-36-406-004	\$ 61,568	\$ 32,749	\$ 94,316
06-36-406-005	\$ 168,067	\$ 89,888	\$ 257,956
TOTAL PROPERTY TAXES			\$ 352,272
Property Taxes psf			\$ 3.10

[1] Per Cook County Assessor Property Records Search
[2] 2011 EAV multiplied by 2011 Equalization Factor.
[3] Building SF for HSSC per appraisal report prepared by V.A. Solano & Assoc., Inc. dated 11.23.11.

COMPARABLE PROPERTIES

1. CREST HILL COMMONS		2011 AV Board Certified Assessment			2011 EAV			Taxes			Property Data		Age of Center	Township
PIN	Property Address	Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA	Land Area	15 yrs.	Hanover
06-38-308-011-0000	2160 W. Lake, Hanover Park	\$ 17,206	\$ 16,196	\$ 33,402	\$ 51,112	\$ 48,112	\$ 99,224	\$ 9,594	N/A	N/A		8,097		
06-38-308-012-0000	2160 W. Lake, Hanover Park	\$ 17,074	\$ 41,665	\$ 58,739	\$ 50,720	\$ 123,770	\$ 174,490	\$ 16,871	N/A	N/A		8,035		
06-38-308-013-0000	2160 W. Lake, Hanover Park	\$ 17,282	\$ 43,406	\$ 60,688	\$ 51,338	\$ 128,942	\$ 180,280	\$ 17,431	N/A	N/A		8,133		
06-38-308-014-0000	2160 W. Lake, Hanover Park	\$ 18,045	\$ 37,835	\$ 55,880	\$ 53,604	\$ 112,393	\$ 165,997	\$ 16,050	N/A	N/A		8,492		
06-38-308-015-0000	2160 W. Lake, Hanover Park	\$ 18,753	\$ 1,403	\$ 20,156	\$ 55,708	\$ 4,168	\$ 59,875	\$ 5,789	N/A	N/A		8,825		
Total		\$ 88,360	\$ 140,505	\$ 228,865	\$ 262,482	\$ 417,384	\$ 679,866	\$ 65,736	\$ 7.11	\$ 1.58	9,240	41,582		

2. OAK KNOLL PLAZA		2011 AV Board Certified Assessment			2011 EAV			Taxes			Property Data		Age of Center	Township
PIN	Property Address	Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA	Land Area	35-45 yrs.	Hanover
06-23-106-126-0000	423 S. Bartlett Rd., Streamwood	\$ 103,073	\$ 212,443	\$ 315,516	\$ 306,189	\$ 631,083	\$ 937,272	\$ 87,457	N/A	N/A		117,798		
06-23-106-127-0000	423 S. Bartlett Rd., Streamwood	\$ 56,272	\$ 147,700	\$ 203,972	\$ 167,162	\$ 438,758	\$ 605,919	\$ 56,538	N/A	N/A		64,311		
Total		\$ 159,345	\$ 360,143	\$ 519,488	\$ 473,350	\$ 1,069,841	\$ 1,543,191	\$ 143,995	\$ 3.13	\$ 0.79	46,000	182,109		

3. OLDE CHURCH CENTRE		2011 AV Board Certified Assessment			2011 EAV			Taxes			Property Data		Age of Center	Township
PIN	Property Address	Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA	Land Area	25 yrs.	Hanover
06-24-111-011-0000	1044 E. Schaumburg Rd., Streamwood	\$ 220,401	\$ 496,715	\$ 717,116	\$ 654,723	\$ 1,475,542	\$ 2,130,265	\$ 198,775	N/A	N/A		160,292		
Total		\$ 220,401	\$ 496,715	\$ 717,116	\$ 654,723	\$ 1,475,542	\$ 2,130,265	\$ 198,775	\$ 5.08	\$ 1.24	39,160	160,292		

EXHIBIT 1:
COMPARABLE PROPERTIES- PROPERTY TAX COMPARISON
CONFIDENTIAL/WORKING DRAFT

5.c.

Village of Hanover Park
Redevelopment of Hanover Square Shopping Center
PROPERTY TAX COMPS

Revised 7.23.12

Assumptions

2011 Equalization Factor	2.9706
2011 Tax Rate- 18115	9.669%
2011 Tax Rate- 18055	8.784%
2011 Tax Rate- 18023	9.331%
2011 Tax Rate- 35011	8.481%
2011 Tax Rate- 35074	8.924%

4. SHOPS OF SCHAUMBURG COURT Tax Code 10855		2011 AV Board Certified Assessment			2011 EAV			Taxes			Property Data		Age of Center	Township
PIN	Property Address	Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA	Land Area	15 yrs.	Hanover
06-24-205-002-0000	140 Barrington Rd., Schaumburg	\$ 357,094	\$ 890,977	\$ 1,248,071	\$ 1,060,783	\$ 2,646,736	\$ 3,707,520	\$ 325,669	N/A	N/A		259,705		Notes
Total		\$ 357,094	\$ 890,977	\$ 1,248,071	\$ 1,060,783	\$ 2,646,736	\$ 3,707,520	\$ 325,669	\$ 3.75	\$ 1.25	86,764	259,705		Under review by A.O. for possible imp's

5. 1710 W. WISE, SCHAUMBURG Tax Code 35011		2011 AV Board Certified Assessment			2011 EAV			Taxes			Property Data		Age of Center	Township
PIN	Property Address	Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA	Land Area	35-37 yrs.	Schaumburg
07-29-309-019-0000	1710 W. Wise Rd. Schaumburg	\$ 224,833	\$ 459,728	\$ 684,561	\$ 667,889	\$ 1,365,668	\$ 2,033,557	\$ 172,466	N/A	N/A		138,359		Notes
07-29-309-015-0000	1710 W. Wise Rd. Schaumburg	\$ 26,406	\$ 152,302	\$ 178,708	\$ 78,442	\$ 452,428	\$ 530,870	\$ 45,023	N/A	N/A		16,250		
Total		\$ 251,239	\$ 612,030	\$ 863,269	\$ 746,331	\$ 1,818,096	\$ 2,564,427	\$ 217,489	\$ 8.03	\$ 1.41	27,100	154,609		Under review by A.O. for possible imp's

6. 1551 E. IRVING PARK, HANOVER PARK Tax Code 35074		2011 AV Board Certified Assessment			2011 EAV			Taxes			Property Data		Age of Center	Township
PIN	Property Address	Land	Building	Total	Land	Building	Total	Total	PSF (Bldg)	PSF (Land)	GLA	Land Area	37-41 yrs.	Schaumburg
07-30-301-022-0000	1551 E. Irving Park Rd. Schaumburg	\$ 142,311	\$ 200,623	\$ 342,934	\$ 422,749	\$ 595,971	\$ 1,018,720	\$ 90,911	N/A	N/A		94,874		Notes
07-30-301-009-0000	1551 E. Irving Park Rd. Schaumburg	\$ 51,483	\$ 173,426	\$ 224,909	\$ 152,935	\$ 515,179	\$ 668,115	\$ 59,623	N/A	N/A		34,322		
Total		\$ 193,794	\$ 374,049	\$ 567,843	\$ 575,684	\$ 1,111,150	\$ 1,686,834	\$ 150,533	\$ 5.91	\$ 1.17	25,460	129,196		

ALL COMPS

TOTAL TAXES	\$ 1,102,197
TOTAL GLA	233,724
AVERAGE TAXES PSF	\$ 4.72
ALL COMPS (EXCLUDING HIGH/LOW AND SCHAUMBURG TOWNSHIP PROPERTIES)	
TOTAL TAXES	\$ 590,180
TOTAL GLA	135,164
AVERAGE TAXES PSF	\$ 4.37

Gross Leasable Area (GLA) data for comparable properties provided by Clay Rankin, Iron Real Estate

Workshop Meeting 8/16/12

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**SCENARIO 1A:
DINO'S STAYS AS-IS/ NO OUTLOT DEVELOPMENT/HSSC RENOVATION**

Village of Hanover Park
Redevelopment of Hanover Square Shopping Center
6602-6772 Barrington Rd.
Preliminary Incremental Property Tax Projections

**INCREMENTAL PROPERTY TAX PROJECTIONS
CONFIDENTIAL/ WORKING DRAFT**

Revised 7.23.12

ASSUMPTIONS

Total SF Existing HSSC	113,700	GLA	\$1,968,791	Total Incremental Taxes Year 23 (Collection in Year 24)
1999 Base EAV of Development Site [1]	\$ 2,907,615		\$1,497,048	NPV @ 5%
Triennial Inflation Rate [2]	1%		\$1,197,638	DCR @ 1.25
% Revenue Collected	97%		\$ 1,017,992	Net Proceeds @ 85%
				Cap.Interest and Admin. Costs

PROPERTY TAX REVENUE SUMMARY AND BOND ESTIMATE

PROPERTY TAX CALCULATIONS

2011 EAV of HSSC (Village Owned Parcels) [3]	\$ 3,643,313	2012 EAV (based upon reduced property taxes per VOHP) [4]	\$ 2,120,178
Total SF of Existing Retail/Commercial Space	113,700	Total SF of Existing Retail/Commercial Space	113,700
Efficiency @	100%	Efficiency @	100%
2011 Property Tax Rate	9.6690%	2011 Property Tax Rate	9.6690%
Current Taxes from HSSC Retail/Commercial	\$ 352,272	Property Taxes from HSSC Retail/Commercial	\$ 205,000
PSF Taxes Existing HSSC	\$3.10	PSF Taxes Existing HSSC	\$1.80

Estimated EAV after HSSC Renovation/Retenancing [5]	\$ 5,056,469
Total SF of Existing Retail/Commercial Space	113,700
Efficiency @	100%
2011 Property Tax Rate	9.6690%
Projected P.T. (assume stabilization 1st Quarter 2016)	\$ 488,910
Projected PSF Taxes after Renovation/Retenancing	\$4.30

TIF Year [6]	Year Assessed [7]	Projected Value of EAV Added		Taxable EAV/Incremental Value [9]	Projected Incremental Property Tax Revenues (Year Received) [10]	Incremental Property Tax Revenues Collected (by 12/31) [11]
		HSSC [8]	Future-Outlet-Development			
0	1999	Base EAV				
10	2011	\$ 3,643,313		\$ 735,698	\$0	\$0
11	2012	\$ 2,120,178	\$ -	\$ (787,437)	\$71,135	\$69,001
12	2013	\$ 2,141,380	\$ -	\$ (766,235)	(\$76,137)	(\$73,853)
13	2014	\$ 2,162,793	\$ -	\$ (744,822)	(\$74,087)	(\$71,865)
14	2015	\$ 2,184,421	\$ -	\$ (723,194)	(\$72,017)	(\$69,856)
15	2016	\$ 5,107,034	\$ -	\$ 2,199,419	(\$69,926)	(\$67,828)
16	2017	\$ 5,107,034	\$ -	\$ 2,199,419	\$212,662	\$206,282
17	2018	\$ 5,107,034	\$ -	\$ 2,199,419	\$212,662	\$206,282
18	2019	\$ 5,158,104	\$ -	\$ 2,250,489	\$212,662	\$206,282
19	2020	\$ 5,158,104	\$ -	\$ 2,250,489	\$217,600	\$211,072
20	2021	\$ 5,158,104	\$ -	\$ 2,250,489	\$217,600	\$211,072
21	2022	\$ 5,209,685	\$ -	\$ 2,302,070	\$217,600	\$211,072
22	2023	\$ 5,209,685	\$ -	\$ 2,302,070	\$222,587	\$215,910
23	2024	\$ 5,209,685	\$ -	\$ 2,302,070	\$222,587	\$215,910
24	2025	Collection of Year 23 Increment			\$222,587	\$215,910
Total					\$ 2,029,681	\$ 1,968,791

Prepared by THE TAMMEN GROUP

- [1] 2009 EAV of HSSC per the Hanover Park Village Center TIF Redevelopment Plan and Project prepared by TPAP, Inc. dated 2.1.01 and revised 4.25.01. TIF #3 was established in 2001 with a 1999 Base EAV.
- [2] THE TAMMEN GROUP assumes a conservative triennial inflation rate of 1%. Assumption to be vetted with Assessor.
- [3] Per Cook County Assessor's office.
- [4] Per VOHP, the Assessor will submit a Certificate of Error to lower the AV based upon the purchase price of the HSSC for tax year 2011 payable in 2012. In addition, the Village may elect to file for exempt status while the property is being redeveloped. We used actual 2011 data from Cook County Assessor and Treasurer and assume a reduction to \$205k in annual property taxes thereafter until stabilization.
- [5] Per Schermerhorn Commercial Real Estate (email dated 4.23.12), property taxes will increase to \$4.50 to \$5.50 per square foot after renovation and retenancing of HSSC. Schermerhorn (per email dated 7.20.12) anticipates stabilization to occur 36-42 months, based on securing the Anchor Tenants and executing the full redevelopment plans for the Shopping Center. We assume property taxes at \$4.30/psf at stabilization based upon comparable properties.
- [6] Remaining years left in TIF #3.
- [7] We assume Year 1 of the development to be 2012 with a 42 month project stabilization period commencing in April 2012.
- [8] Added value based on renovation/retenancing of HSSC plus triennial inflation.
- [9] Total taxable EAV less base year EAV.
- [10] Tax revenues are collected one year after the taxing year.
- [11] We assume a 97% collection rate.

**SCENARIO 1B:
DINO'S STAYS AS-IS/ OUTLOT DEVELOPMENT/HSSC RENOVATION**

Village of Hanover Park
Redevelopment of Hanover Square Shopping Center
6602-6772 Barrington Rd.
Preliminary Incremental Property Tax Projections

**INCREMENTAL PROPERTY TAX PROJECTIONS
CONFIDENTIAL/WORKING DRAFT**

Revised 7.23.12

ASSUMPTIONS

Total SF Existing HSSC		113,700	GLA
1999 Base EAV of Development Site [1]	\$	2,907,615	
Triennial Inflation Rate [2]		1%	

PROPERTY TAX REVENUE SUMMARY AND BOND ESTIMATE

\$2,404,365	Total Incremental Taxes Year 23 (Collection in Year 24)
\$1,840,714	NPV @ 5%
\$1,472,571	DCR @ 1.25
\$ 1,251,685	Net Proceeds @ 85%
	Cap. Interest and Admin. Costs

PROPERTY TAX CALCULATIONS- EXISTING

2011 EAV of HSSC (Village Owned Parcels) [3]	\$	3,643,313	2012 EAV (based upon reduced P.T. per VOHP) [4]	\$	2,120,178
Total SF of Existing Retail/Commercial Space		113,700	Total SF of Existing Retail/Commercial Space		113,700
Efficiency @		100%	Efficiency @		100%
2011 Property Tax Rate		9.6690%	2011 Property Tax Rate		9.6690%
Current Taxes from HSSC Retail/Commercial	\$	352,272	Property Taxes from HSSC Retail/Commercial	\$	205,000
PSF Taxes Existing HSSC		\$3.10	PSF Taxes Existing HSSC		\$1.80

PROPERTY TAX CALCULATIONS- PROJECTED

Estimated EAV after HSSC Renovation/Retenancing [5]	\$	5,056,469	2010 EAV of Outlots (Future Development) [6]	\$	555,900
Total SF of Existing Retail/Commercial Space		113,700	Total SF of New Outlots (Bldg) [3]		12,500
Efficiency @		100%	Efficiency @		100%
2011 Property Tax Rate		9.6690%	2011 Property Tax Rate		9.6690%
Projected P.T. (assume Stabilization 1st Quarter 2016)	\$	488,910	Projected Taxes from New Retail/Commercial	\$	53,750
Projected PSF Taxes after Renovation/Retenancing		\$4.30	PSF Taxes from New Retail/Commercial		\$4.30

TIF Year [7]	Year Assessed [8]	Projected Value of EAV Added		Taxable EAV/Incremental Value [10]	Projected Incremental Property Tax Revenues (Year Received) [11]	Incremental Property Tax Revenues Collected (by 12/31) [12]
		HSSC	Future Outlot Development			
		[9]				
0	1999	Base EAV				
10	2011	\$ 3,643,313	\$ -	\$ 735,698	\$0	\$0
11	2012	\$ 2,120,178	\$ -	\$ (787,437)	\$71,135	\$69,001
12	2013	\$ 2,141,380	\$ -	\$ (766,235)	(\$76,137)	(\$73,853)
13	2014	\$ 2,162,793	\$ -	\$ (744,822)	(\$74,087)	(\$71,865)
14	2015	\$ 2,162,793	\$ -	\$ (744,822)	(\$72,017)	(\$69,856)
15	2016	\$ 5,056,469	\$ 561,459	\$ 2,710,313	(\$72,017)	(\$69,856)
16	2017	\$ 5,056,469	\$ 561,459	\$ 2,710,313	\$262,060	\$254,198
17	2018	\$ 5,056,469	\$ 561,459	\$ 2,710,313	\$262,060	\$254,198
18	2019	\$ 5,107,034	\$ 567,074	\$ 2,766,493	\$262,060	\$254,198
19	2020	\$ 5,107,034	\$ 567,074	\$ 2,766,493	\$267,492	\$259,467
20	2021	\$ 5,107,034	\$ 567,074	\$ 2,766,493	\$267,492	\$259,467
21	2022	\$ 5,158,104	\$ 572,745	\$ 2,823,234	\$267,492	\$259,467
22	2023	\$ 5,158,104	\$ 572,745	\$ 2,823,234	\$272,978	\$264,789
23	2024	\$ 5,158,104	\$ 572,745	\$ 2,823,234	\$272,978	\$264,789
24	2025	Collection of Year 23 Increment			\$272,978	\$264,789
Total					\$ 2,478,727	\$ 2,404,365

Prepared by THE TAMMEN GROUP

[1] 2009 EAV of HSSC per the Hanover Park Village Center TIF Redevelopment Plan and Project prepared by TPAP, Inc. dated 2.1.01 and revised 4.25.01. TIF #3 was established in 2001 with a 1999 Base EAV.

[2] THE TAMMEN GROUP assumes a conservative triennial inflation rate of 1%. Assumption to be vetted with Assessor.

[3] Per Cook County Assessor's office.

[4] Per VOHP, the Assessor will submit a Certificate of Error to lower the AV based upon the purchase price of the HSSC for tax year 2011 payable in 2012. In addition, the Village may elect to file for exempt status while the property is being redeveloped. We used actual 2011 data from Cook County Assessor and Treasurer and assume a reduction to \$205k in annual property taxes thereafter until stabilization.

[5] Per Schermerhorn Commercial Real Estate (email dated 4.23.12), property taxes will increase to \$4.50 to \$5.50 per square foot after renovation and retenancing of HSSC. Schermerhorn (per email dated 7.20.12) anticipates stabilization to occur 24 months following start of construction on Dino's expansion, based on executing the full redevelopment plans for the Shopping Center. We assume property taxes at \$4.30/psf at stabilization based upon comparable properties.

[6] Assumes future development of -002 with a 5k sf new commercial use and -006 with a new 7,500 sf commercial use to occur by end of 2015.

[7] Remaining years left in TIF #3.

[8] We assume Year 1 of the development to be 2012 with a 42 month project stabilization period commencing in April 2012.

[9] Added value based on renovation/retenancing of HSSC, development of outlots, plus triennial inflation.

[10] Total taxable EAV less base year EAV.

[11] Tax revenues are collected one year after the taxing year.

[12] We assume a 97% collection rate.

**SCENARIO 2A:
DINO'S RELOCATES and EXPANDS/ NO OUTLOT DEVELOPMENT/HSSC RENOVATION**

Village of Hanover Park
Redevelopment of Hanover Square Shopping Center
6602-6772 Barrington Rd.
Preliminary Incremental Property Tax Projections

**INCREMENTAL PROPERTY TAX PROJECTIONS
CONFIDENTIAL/ WORKING DRAFT**

Revised 7.23.12

ASSUMPTIONS

Total SF Existing HSSC	113,700	GLA	\$2,170,330	Total Incremental Taxes Year 23 (Collection in Year 24)
1999 Base EAV of Development Site [1]	\$ 2,907,615		\$1,617,702	NPV @ 5%
Triennial Inflation Rate [2]	1%		\$1,294,162	DCR @ 1.25
% Revenue Collected	97%		\$ 1,100,037	Net Proceeds @ 85%
				Cap.Interest and Admin. Costs

PROPERTY TAX REVENUE SUMMARY AND BOND ESTIMATE

PROPERTY TAX CALCULATIONS

2011 EAV of HSSC (Village Owned Parcels) [3]	\$ 3,643,313	2012 EAV (based upon reduced property taxes per VOHP) [4]	\$ 2,120,178
Total SF of Existing Retail/Commercial Space	113,700	Total SF of Existing Retail/Commercial Space	113,700
Efficiency @	100%	Efficiency @	100%
2011 Property Tax Rate	9.6690%	2011 Property Tax Rate	9.6690%
Current Taxes from HSSC Retail/Commercial	\$ 352,272	Property Taxes from HSSC Retail/Commercial	\$ 205,000
PSF Taxes Existing HSSC	\$3.10	PSF Taxes Existing HSSC	\$1.80

Estimated EAV after HSSC Renovation/Retenancing [5]	\$ 5,056,469
Total SF of Existing Retail/Commercial Space	113,700
Efficiency @	100%
2011 Property Tax Rate	9.6690%
Projected P.T. (assume stabilization 1st Quarter 2015)	\$ 488,910
Projected PSF Taxes after Renovation/Retenancing	\$4.30

TIF Year [6]	Year Assessed [7]	Projected Value of EAV Added		Taxable EAV/Incremental Value [9]	Projected Incremental Property Tax Revenues (Year Received) [10]	Incremental Property Tax Revenues Collected (by 12/31) [11]
		HSSC [8]	Future-Outlet-Development			
0	1999	Base EAV				
10	2011	\$ 3,643,313		\$ 735,698	\$0	\$0
11	2012	\$ 2,120,178	\$ -	\$ (787,437)	\$71,135	\$69,001
12	2013	\$ 2,141,380	\$ -	\$ (766,235)	(\$76,137)	(\$73,853)
13	2014	\$ 2,162,793	\$ -	\$ (744,822)	(\$74,087)	(\$71,865)
14	2015	\$ 5,056,469	\$ -	\$ 2,148,854	(\$72,017)	(\$69,856)
15	2016	\$ 5,107,034	\$ -	\$ 2,199,419	\$207,773	\$201,540
16	2017	\$ 5,107,034	\$ -	\$ 2,199,419	\$212,662	\$206,282
17	2018	\$ 5,107,034	\$ -	\$ 2,199,419	\$212,662	\$206,282
18	2019	\$ 5,158,104	\$ -	\$ 2,250,489	\$212,662	\$206,282
19	2020	\$ 5,158,104	\$ -	\$ 2,250,489	\$217,600	\$211,072
20	2021	\$ 5,158,104	\$ -	\$ 2,250,489	\$217,600	\$211,072
21	2022	\$ 5,209,685	\$ -	\$ 2,302,070	\$217,600	\$211,072
22	2023	\$ 5,209,685	\$ -	\$ 2,302,070	\$222,587	\$215,910
23	2024	\$ 5,209,685	\$ -	\$ 2,302,070	\$222,587	\$215,910
24	2025	Collection of Year 23 Increment			\$222,587	\$215,910
Total					\$ 2,237,454	\$ 2,170,330

Prepared by THE TAMMEN GROUP

- [1] 2009 EAV of HSSC per the Hanover Park Village Center TIF Redevelopment Plan and Project prepared by TPAP, Inc. dated 2.1.01 and revised 4.25.01. TIF #3 was established in 2001 with a 1999 Base EAV.
- [2] THE TAMMEN GROUP assumes a conservative triennial inflation rate of 1%. Assumption to be vetted with Assessor.
- [3] Per Cook County Assessor's office.
- [4] Per VOHP, the Assessor will submit a Certificate of Error to lower the AV based upon the purchase price of the HSSC for tax year 2011 payable in 2012. In addition, the Village may elect to file for exempt status while the property is being redeveloped. We used actual 2011 data from Cook County Assessor and Treasurer and assume a reduction to \$205k in annual taxes thereafter until stabilization.
- [5] Per Schermerhorn Commercial Real Estate (email dated 4.23.12), property taxes will increase to \$4.50 to \$5.50 per square foot after renovation and retenancing of HSSC. Schermerhorn (per email dated 7.20.12) anticipates stabilization to occur 36-42 months, based on securing the Anchor Tenants and executing the full redevelopment plans for the Shopping Center. We assume property taxes at \$4.30/psf at stabilization based upon comparable properties.
- [6] Remaining years left in TIF #3.
- [7] We assume Year 1 of the development to be 2012 with project stabilization occurring 24 months after start of Dino's construction (per Schermerhorn email 7.20.12)
- [8] Added value based on renovation/retenancing of HSSC plus triennial inflation.
- [9] Total taxable EAV less base year EAV.
- [10] Tax revenues are collected one year after the taxing year.
- [11] We assume a 97% collection rate.

**SCENARIO 2B:
DINO'S RELOCATES and EXPANDS/ OUTLOT DEVELOPMENT/HSSC RENOVATION**

Village of Hanover Park
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INCREMENTAL PROPERTY TAX PROJECTIONS
CONFIDENTIAL/WORKING DRAFT

Revised 7.23.12

ASSUMPTIONS

Total SF Existing HSSC		113,700	GLA
1999 Base EAV of Development Site [1]	\$	2,907,615	
Triennial Inflation Rate [2]		1%	

PROPERTY TAX REVENUE SUMMARY AND BOND ESTIMATE

\$2,701,153	Total Incremental Taxes Year 23 (Collection in Year 24)
\$2,027,052	NPV @ 5%
\$1,621,641	DCR @ 1.25
\$ 1,378,395	Net Proceeds @ 85%
	Cap. Interest and Admin. Costs

PROPERTY TAX CALCULATIONS- EXISTING

2011 EAV of HSSC (Village Owned Parcels) [3]	\$	3,643,313	2012 EAV (based upon reduced P.T. per VOHP) [4]	\$	2,120,178
Total SF of Existing Retail/Commercial Space		113,700	Total SF of Existing Retail/Commercial Space		113,700
Efficiency @		100%	Efficiency @		100%
2011 Property Tax Rate		9.6690%	2011 Property Tax Rate		9.6690%
Current Taxes from HSSC Retail/Commercial	\$	352,272	Property Taxes from HSSC Retail/Commercial	\$	205,000
PSF Taxes Existing HSSC		\$3.10	PSF Taxes Existing HSSC		\$1.80

PROPERTY TAX CALCULATIONS- PROJECTED

Estimated EAV after HSSC Renovation/Retenancing [5]	\$	5,056,469	2010 EAV of Outlots (Future Development) [6]	\$	555,900
Total SF of Existing Retail/Commercial Space		113,700	Total SF of New Outlots (Bldg) [3]		12,500
Efficiency @		100%	Efficiency @		100%
2011 Property Tax Rate		9.6690%	2011 Property Tax Rate		9.6690%
Projected P.T. (assume Stabilization 1st Quarter 2015)	\$	488,910	Projected Taxes from New Retail/Commercial	\$	53,750
Projected PSF Taxes after Renovation/Retenancing		\$4.30	PSF Taxes from New Retail/Commercial		\$4.30

TIF Year [7]	Year Assessed [8]	Projected Value of EAV Added			Projected Incremental Property Tax Revenues (Year Received) [11]	Incremental Property Tax Revenues Collected (by 12/31) [12]
		HSSC [9]	Future Outlot Development	Taxable EAV/Incremental Value [10]		
0	1999	Base EAV				
10	2011	\$ 3,643,313	\$ -	\$ 735,698	\$0	\$0
11	2012	\$ 2,120,178	\$ -	\$ (787,437)	\$71,135	\$69,001
12	2013	\$ 2,141,380	\$ -	\$ (766,235)	(\$76,137)	(\$73,853)
13	2014	\$ 2,162,793	\$ -	\$ (744,822)	(\$74,087)	(\$71,865)
14	2015	\$ 5,056,469	\$ 555,900	\$ 2,704,754	(\$72,017)	(\$69,856)
15	2016	\$ 5,107,034	\$ 561,459	\$ 2,760,878	\$261,523	\$253,677
16	2017	\$ 5,107,034	\$ 561,459	\$ 2,760,878	\$266,949	\$258,941
17	2018	\$ 5,107,034	\$ 561,459	\$ 2,760,878	\$266,949	\$258,941
18	2019	\$ 5,158,104	\$ 567,074	\$ 2,817,563	\$266,949	\$258,941
19	2020	\$ 5,158,104	\$ 567,074	\$ 2,817,563	\$272,430	\$264,257
20	2021	\$ 5,158,104	\$ 567,074	\$ 2,817,563	\$272,430	\$264,257
21	2022	\$ 5,209,685	\$ 572,745	\$ 2,874,815	\$272,430	\$264,257
22	2023	\$ 5,209,685	\$ 572,745	\$ 2,874,815	\$277,966	\$269,627
23	2024	\$ 5,209,685	\$ 572,745	\$ 2,874,815	\$277,966	\$269,627
24	2025	Collection of Year 23 Increment		\$277,966	\$277,966	\$269,627
Total					\$ 2,784,693	\$ 2,701,153

Prepared by THE TAMMEN GROUP

[1] 2009 EAV of HSSC per the Hanover Park Village Center TIF Redevelopment Plan and Project prepared by TPAP, Inc. dated 2.1.01 and revised 4.25.01. TIF #3 was established in 2001 with a 1999 Base EAV.

[2] THE TAMMEN GROUP assumes a conservative triennial inflation rate of 1%. Assumption to be vetted with Assessor.

[3] Per Cook County Assessor's office.

[4] Per VOHP, the Assessor will submit a Certificate of Error to lower the AV based upon the purchase price of the HSSC for tax year 2011 payable in 2012. In addition, the Village may elect to file for exempt status while the property is being redeveloped. We used actual 2011 data from Cook County Assessor and Treasurer and assume a reduction to \$205k in annual taxes thereafter until stabilization.

[5] Per Schermerhorn Commercial Real Estate (email dated 4.23.12), property taxes will increase to \$4.50 to \$5.50 per square foot after renovation and retenancing of HSSC. Schermerhorn (per email dated 7.20.12) anticipates stabilization to occur 24 months following start of construction on Dino's expansion, based on executing the full redevelopment plans for the Shopping Center. We assume property taxes at \$4.30/psf at stabilization based upon comparable properties.

[6] Assumes future development of -002 with a 5k sf new commercial use and -006 with a new 7,500 sf commercial use to occur by end of 2014.

[7] Remaining years left in TIF #3.

[8] We assume Year 1 of the development to be 2012 with project stabilization occurring 24 months after start of Dino's construction (per Schermerhorn email 7.20.12)

[9] Added value based on renovation/retenancing of HSSC, development of outlots, plus triennial inflation.

[10] Total taxable EAV less base year EAV.

[11] Tax revenues are collected one year after the taxing year.

[12] We assume a 97% collection rate.

EXHIBIT: 2
SALES TAX PROJECTIONS- DINO'S STAYS AS-IS
CONFIDENTIAL/WORKING DRAFT

Village of Hanover Park
 Redevelopment of Hanover Square Shopping Center
 6602-6772 Barrington Rd.
 SALES TAX PROJECTIONS

Revised 7.23.12

Village Direct Sales Tax Rate	1%
Village Home Rule Rate	0.5%
Total Village Sales Tax Rate	1.5%

Total SF Existing HSSC [1]		113,700	
Target Retail SF (sales tax generating) as % of HSSC [2]	60%	68,220	
Dino's Finer Foods: Current Taxable Sales (2012)	\$	19,500	Existing Store SF
PSF Sales	\$	195	
Annual Sales per 4-year Average (per 2008-2011 Actuals) [3]	\$	3,795,738	
Subtotal Taxable Sales - Dino's	\$	3,795,738	
Dino's Annual Sales Increase		1.5%	
Family Dollar Estimated PSF Sales [4]	\$	10,000	Existing Store SF
Subtotal Taxable Sales - Dollar Plus	\$	1,600,000	
Dollar Plus Annual Increase		1.5%	
Remaining Retail SF (Assume 1st Quarter 2016) Estimated PSF Sales	\$	38,720	
Subtotal Taxable Sales - Other Retail	\$	125,000	
Other Retail Annual Increase		1.5%	

PROJECTED SALES

	Year 0	Year 0	Year 0	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total	VOHP Portion of Projected Taxable Sales	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	20-Yr. Stabilized		
	HSSC Stabilization Period				Stabilized Q1																						
Dino's Finer Foods: Total Taxable Sales	\$ 3,795,738	\$ 3,852,674	\$ 3,910,464	\$ 3,969,121	\$ 4,028,658	\$ 4,089,088	\$ 4,150,424	\$ 4,212,681	\$ 4,275,871	\$ 4,340,009	\$ 4,405,109	\$ 4,471,186	\$ 4,538,254	\$ 4,606,327	\$ 4,675,422	\$ 4,745,554	\$ 4,816,737	\$ 4,888,988	\$ 4,962,323	\$ 5,036,758	\$ 5,112,309	\$ 5,188,994	\$ 5,266,829	\$ 5,345,831	\$ 93,157,352	\$ 1,397,360	
Family Dollar: Total Taxable Sales	\$ 1,600,000	\$ 1,624,000	\$ 1,648,360	\$ 1,673,085	\$ 1,698,182	\$ 1,723,654	\$ 1,749,509	\$ 1,775,752	\$ 1,802,388	\$ 1,829,424	\$ 1,856,865	\$ 1,884,718	\$ 1,912,989	\$ 1,941,684	\$ 1,970,809	\$ 2,000,371	\$ 2,030,377	\$ 2,060,833	\$ 2,091,745	\$ 2,123,121	\$ 2,154,968	\$ 2,187,293	\$ 2,220,102	\$ 2,253,403	\$ 39,268,188	\$ 589,023	
Other Retail: Total Taxable Sales	\$ -	\$ -	\$ -	\$ -	\$ 4,840,000	\$ 4,912,600	\$ 4,986,289	\$ 5,061,083	\$ 5,137,000	\$ 5,214,055	\$ 5,292,265	\$ 5,371,649	\$ 5,452,224	\$ 5,534,007	\$ 5,617,018	\$ 5,701,273	\$ 5,786,792	\$ 5,873,594	\$ 5,961,698	\$ 6,051,123	\$ 6,141,890	\$ 6,234,018	\$ 6,327,529	\$ 6,422,442	\$ 111,918,549	\$ 1,678,778	
SUB TOTAL TAXABLE SALES	\$ 5,395,738	\$ 5,476,674	\$ 5,558,824	\$ 5,642,207	\$ 10,566,840	\$ 10,725,343	\$ 10,886,223	\$ 11,049,516	\$ 11,215,259	\$ 11,383,488	\$ 11,554,240	\$ 11,727,554	\$ 11,903,467	\$ 12,082,019	\$ 12,263,249	\$ 12,447,198	\$ 12,633,906	\$ 12,823,414	\$ 13,015,766	\$ 13,211,002	\$ 13,409,167	\$ 13,610,305	\$ 13,814,459	\$ 14,021,676	\$ 244,344,088	\$ 3,665,161	
VILLAGE'S PORTION OF SALES @ 1.5%	\$ 80,936	\$ 82,150	\$ 83,382	\$ 84,633	\$ 158,503	\$ 160,880	\$ 163,293	\$ 165,743	\$ 168,229	\$ 170,752	\$ 173,314	\$ 175,913	\$ 178,552	\$ 181,230	\$ 183,949	\$ 186,708	\$ 189,509	\$ 192,351	\$ 195,236	\$ 198,165	\$ 201,138	\$ 204,155	\$ 207,217	\$ 210,325	\$ 3,665,161		

Village Sales Tax Portion: 20 Year Stabilized Total \$ 3,665,161

Prepared by THE TAMMEN GROUP

[1] Building SF for HSSC per appraisal report prepared by V.A. Solano & Assoc., Inc. dated 11.23.11
 [2] Per Schermerhorn Commercial Real Estate, the target tenant mix for the HSSC is about 60% retail and 40% service uses
 [3] Current 2012 sales are based upon the average of the total taxable receipts for years 2008-2011 per the Illinois Department of Revenue ST-1 Sales and Use Tax Returns provided by Elvio Mazzei.
 [4] Family Dollar's sales per square foot are around \$160 per www.rueters.com article dated 2.15.11

EXHIBIT: 3
SALES TAX PROJECTIONS- DINO'S RELOCATES and EXPANDS
 CONFIDENTIAL/WORKING DRAFT

Village of Hanover Park
 Redevelopment of Hanover Square Shopping Center
 6602-6772 Barrington Rd.
 SALES TAX PROJECTIONS

Revised 7.23.12

Village Direct Sales Tax Rate	1%
Village Home Rule Rate	0.5%
Total Village Sales Tax Rate	1.5%

Total SF Existing HSSC [1]		113,700
Target Retail SF (sales tax generating) as % of HSSC [2]	60%	68,220
Dino's Finer Foods: Current Taxable Sales (2012)		\$ 19,500 Existing Store SF
PSF Sales		\$ 195
Annual Sales per 4-year Average (per 2008-2011 Actuals) [3]		\$ 3,795,738
Subtotal Taxable Sales - Dino's		\$ 3,795,738
Dino's Annual Sales Increase		1.5%
Dino's Finer Foods (Assume Expansion Complete and Stabilization 1st Quarter 2015)		39,000 Expanded Store SF
PSF Sales		\$ 167
Estimated Annual Sales @ \$125,000/week [5]	52	\$ 6,500,000 \$ 125,000
Subtotal Taxable Sales - Dino's		\$ 6,500,000
Dino's Annual Sales Increase		2%
Family Dollar		10,000 Existing Store SF
Estimated PSF Sales [6]		\$ 160.00
Subtotal Taxable Sales - Dollar Plus		\$ 1,600,000
Dollar Plus Annual Increase		1.5%
Remaining Retail SF (Assume 1st Quarter 2015)		19,220
Estimated PSF Sales		\$ 125.00
Subtotal Taxable Sales - Other Retail		\$ 2,402,500
Other Retail Annual Increase		1.5%

PROJECTED SALES

	Year 0	Year 0	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total	VOHP Portion of Projected Taxable Sales
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	20-Yr. Stabilized	
Dino's Finer Foods: Total Taxable Sales	\$ 3,795,738	\$ 3,852,674	\$ 3,910,464	\$ 6,500,000	\$ 6,630,000	\$ 6,762,600	\$ 6,897,852	\$ 7,035,809	\$ 7,176,525	\$ 7,320,056	\$ 7,466,457	\$ 7,615,786	\$ 7,768,102	\$ 7,923,464	\$ 8,081,933	\$ 8,243,572	\$ 8,408,443	\$ 8,576,612	\$ 8,748,144	\$ 8,923,107	\$ 9,101,569	\$ 9,283,601	\$ 9,469,273	\$ 157,932,904	\$ 2,368,994
Family Dollar: Total Taxable Sales	\$ 1,600,000	\$ 1,624,000	\$ 1,648,360	\$ 1,673,085	\$ 1,698,182	\$ 1,723,654	\$ 1,749,509	\$ 1,775,752	\$ 1,802,388	\$ 1,829,424	\$ 1,856,865	\$ 1,884,718	\$ 1,912,989	\$ 1,941,684	\$ 1,970,809	\$ 2,000,371	\$ 2,030,377	\$ 2,060,833	\$ 2,091,745	\$ 2,123,121	\$ 2,154,968	\$ 2,187,293	\$ 2,220,102	\$ 38,687,870	\$ 580,318
Other Retail: Total Taxable Sales	\$ -	\$ -	\$ -	\$ 1,201,250	\$ 2,438,538	\$ 2,475,116	\$ 2,512,242	\$ 2,549,926	\$ 2,588,175	\$ 2,626,997	\$ 2,666,402	\$ 2,706,398	\$ 2,746,994	\$ 2,788,199	\$ 2,830,022	\$ 2,872,473	\$ 2,915,560	\$ 2,959,293	\$ 3,003,683	\$ 3,048,738	\$ 3,094,469	\$ 3,140,886	\$ 3,187,999	\$ 54,353,360	\$ 815,300
SUB TOTAL TAXABLE SALES	\$ 5,395,738	\$ 5,476,674	\$ 5,558,824	\$ 9,374,335	\$ 10,766,719	\$ 10,961,370	\$ 11,159,604	\$ 11,361,487	\$ 11,567,088	\$ 11,776,477	\$ 11,989,725	\$ 12,206,903	\$ 12,428,085	\$ 12,653,347	\$ 12,882,764	\$ 13,116,416	\$ 13,354,380	\$ 13,596,738	\$ 13,843,572	\$ 14,094,966	\$ 14,351,006	\$ 14,611,779	\$ 14,877,374	\$ 250,974,134	\$ 3,764,612
VILLAGE'S PORTION OF SALES @ 1.5%	\$ 80,936	\$ 82,150	\$ 83,382	\$ 140,615	\$ 161,501	\$ 164,421	\$ 167,394	\$ 170,422	\$ 173,506	\$ 176,647	\$ 179,846	\$ 183,104	\$ 186,421	\$ 189,800	\$ 193,241	\$ 196,746	\$ 200,316	\$ 203,951	\$ 207,654	\$ 211,424	\$ 215,265	\$ 219,177	\$ 223,161	\$ 3,764,612	

Village Sales Tax Portion: 20 Year Stabilized Total \$ 3,764,612

Prepared by THE TAMMEN GROUP

[1] Building SF for HSSC per appraisal report prepared by V.A. Solano & Assoc., Inc. dated 11.23.11
 [2] Per Schermerhorn Commercial Real Estate, the target tenant mix for the HSSC is about 60% retail and 40% service uses
 [3] Current 2012 sales are based upon the average of the total taxable receipts for years 2008-2011 per the Illinois Department of Revenue ST-1 Sales and Use Tax Returns provided by Elvio Mazzei.
 [4] Per project narrative provided by Elvio Mazzei provided to VOHP on 4.26.12. Dino's will relocate to center of shopping center and expand to 39,000. Primary goal is to expand Dino's Taqueria as well as bakery, liquor, self serve, service meal and frozen departments in order to better serve customers and be competitive. Project stabilization will occur approximately 24 months after start of Dino's construction (per Schermerhorn email dated 7.20.12).
 [5] Estimated sales for this type of grocery store are \$125k/week with an average annual increase of 2% per Mallon & Associates, Inc. The average annual sales are approximately \$3.8MM/year per Illinois Department of Revenue ST-1 Sales and Use Tax Returns 2008-2011 provided by Elvio Mazzei. Mr. Mazzei estimates sales to increase to \$7.8MM annually after expansion with average annual increase of 5%. This seems somewhat aggressive, therefore, to be conservative, we used the assumptions from Mallon & Associates.
 [6] Family Dollar's sales per square foot are around \$160 per www.rueters.com article dated 2.15.11